

# **EXHIBIT 134**

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**Date:** Tuesday, July 18 2017 09:26 AM  
**Subject:** Juul thoughts/plan (lets keep to ourselves for now + build doc to circulate based on it)  
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It's not done but does lay out most of my thoughts/things to focus on - will go through and create immediate checklist based on this tomorrow but some stuff we really need to talk through (i.e. how can we all coordinate best, how should we communicate w/ + direct management most effectively, and next steps for building out bench strenght/team) - let's discuss in AM

Will try to synthesize this into something tighter but wanted to walk through my thinking from company goals --> how to achieve --> what we can immediately do as a board + what else we need to address + issues identified at company to which we need to find solution

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High level view:

Our mission is to switch all smokers globally off of cigarettes on to products with reduced risk. Today, we have the best nicotine product in the world. We need to ensure that we take this product to scale while continually improving the platform and developing new, better, and further reduced risk products. To do this we must continue to build the best team in the world working on this problem.

To achieve this we must pursue the following priorities

- Convert as many adult smokers to our platform as quickly as possible, while maintaining high quality and reduced harm.
- Produce our products at scale with high quality
- Ensure that our products remain the best on market by continually investing in research, product development and innovation
- Invest heavily in regulatory engagement, guaranteeing the strongest PMTA possible, an MRTP application, strong clinical/investigative work, and international regulatory engagement where appropriate. Similarly we should effectively engage with policy makers to share our views.
- Fortify our intellectual property with improvements to our patent portfolio, further filings, and strategic acquisitions. We should be the hub of innovation and thus the holder of the best IP portfolio in nicotine.
- Demonstrate the viability of these products in other markets and develop market appropriate

reduced risk products (i.e. EU + Japan)

-Build the best team and organization to execute on our goals

To make these goals more specific we should aim for 5% share of the U.S. market by end of 2019. There are currently ~40 million smokers in the U.S. This means 2 million smokers on juul by the end of 2019. This should be a stated internal goal in the company and is eminently achievable. Iqos has taken 10% share in Japan on an inferior product and is on the path to 25%... if we do this we will have ~3 BN in annualized sales through channel with revenue to the company of ~2 BN, i.e. a 10X growth over the next 2 years. We should be in at least one international market by Q1 2018, and develop further international test markets to launch new products.

We should have inventory on hand at all times. The growth of JUUL has been stymied by lack of inventory for ~18 months. It is inexcusable. This needs to change and cannot be repeated. Our capacity planning should ensure a cushion even for the highest imaginable demand, not just the company forecast, and we should have a large inventory of any critical long-lead time or high risk parts (>2x upper range forecasts) at all times.

We should have defect rates <1% on devices and refill kits

We should clearly map out all regulatory applications, clinical studies, and policy engagement plans while continuing to build a team to execute on them and engaging the best external experts to assist in this.

We should be presented with a comprehensive IP plan addressing improvements to the portfolio. We should further invest in the R&D team to drive new innovations and build a system/incentives to build the best possible IP around those innovations. And we should ASAP get a map of strategic acquisitions and consider investments in them.

We should immediately begin development/research on an HNB platform. The opportunity is too big to ignore and our capabilities are already high in the area. Even if we never launch the product the ROI will be very high and the IP will be valuable.

We need to consolidate our searches, improve bench strength at the senior level (where we trust them to make hires), and build good processes to scale team with Vince.

#### BOARD WORK:

All of the goals discussed above are large organizational ones. We need to coordinate hundreds of people and work together very effectively. Ultimately we need to guide and empower management to achieve this and hold them accountable to it. In the near term there is much more we need to do. In rough order it is:

1. Work with management to set the strategic vision for the company, agree on a plan to

achieve it, and track our progress towards it

2. we need to hold ourselves accountable to core work that only the board can do (i.e. the comp committee needs to function or we lose our credibility and demoralize management).

3. we need to help build the management team and organizational structure, so that it is set up to achieve.

4. we need to work closely with management to make them as effective as possible, get clear data on the compan

5. We need to lead board level strategic initiatives including possible financings, partnerships, etc...

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To achieve the first, we should set up an offsite with management to discuss where the business is today, our joint vision for it, and plan to achieve it. We must also agree on an ongoing process to track progress and hold ourselves accountable. There are a number of subpoints.

On accountability for ourselves we need to organize the comp committee, pay out bonuses, hire a comp firm, and set a goal for option pool. We also must develop an audit function and ensure proper governance. And we should standardize our calendar for board meetings as well as expectations for materials, reporting, format, and focus.

On org structure we should immediately go through with executive committee the proposed org structure with thought, drive a number of initiatives with talent and focus on developing bench strength.

For data/reporting, we should immediately push for development of data/reporting/analytics as a centralized organizational function.

There are numerous strategic initiatives and most importantly we need to systematically track and execute against them.

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Below is some more detail on the following points (not in order)

-Coordinate and drive recruiting/improve bench strength

-Centralize and improve data collection and reporting

-Clarify Org structure and ensure we are recruiting against it

-Improve communication + relationship with management

-Create tracking mechanism for board tasks and hold ourselves accountable



- Clean up Comp + work of comp committee

- Clean up the cap table

#### COMP COMMITTEE:

We need it to function - things to do

A. get comp consultant - we fired compensia and never replaced them. makes us look incompetent.

B. review all bonuses - i.e. we are obligated to pay tyler a bonus a couple months ago that we still haven't paid. we need to actually set milestones by which we will judge these. also reduces our credibility if we sign a contract on a bonus w tyler and don't bring it up/discuss it with him

C. determine total size of option pool we want to grant (cant keep having them do it all incremental)

#### CAP TABLE CLEANUP:

A. Nick to follow up on Yves - should not extend window

B. Need to make Tim get together offer to common - we keep pushing on this but need resolution.

C. Need to approach pax only employees with swap offer (or cash even) - it was fine to get the split done but we have 100's of thousands of juul shares vesting with people who aren't working on juul and would be happy to take cash or pax stock. i.e. sally, the lawyer is going to be counsel for pax, but is vesting >100k shares in Juul (which is 2x what we are closing our head of regulatory at, and 2x what we're closing our head of communications).

D. Should make offer to Mumby on cancelling his options / or solicit one form him-

he wrote us asking for an extension in his exercise window - I believe he currently has until October.

#### KEY POSITION RECRUITING/IMPROVING BENCH STRENGTH

A. Improve coordination on searches/re-prioritize:

We have a ton of searches open and little prioritization.

- VP, Quality

-VP, R&D

-PM, Juul

-Pax CEO

-CMO

-CSO

-VP Software

-Global Supply (working on a few here)

-SVP Engineering

-VP Ecomm

and a bunch of others at director level (electrical engineering, firmware)

We should have some tracking system for all of these in a coordinated way. Management should be doing this anyways - will talk to Vince about it - would recommend we have constant sense of who top candidates are, how close we are on each, and what progress is being made.

Also we have a real gap in technical leadership. Reality is we don't have anyone who we'd trust to truly manage VP, R&D, SVP, Engineering, Sonia, etc... current plan is for it all to go through Tyler. Even if we had other leadership we'd want major technical leader - would start bigger search for a technical COO - it's a search company would want anyways (with exception of questions around James/Adam) but also gives us upside of someone we trust to manage searches for Quality, R&D, Engineering etc... even James + Adam have bar that is too low on the technical stuff (Paul Morales for Supply Chain... Tim Ratto as a beloved R&D candidate...).

B. Sync up with Vince. He just started - need to coordinate with Ashley on this as we don't want to undermine her management of him but need close relationship. Going to need to work with him a ton and have to build the relation

C. Leverage the Pax CEO search to see top talent:

Need to get copied on all e-mails with Egon ASAP and get full search list

Free way to see A+ talent

IMPROVING REPORTING/DATA:

We have no standardized reporting from the company and are very poor at comparing what

they say we are going to achieve to what we do. This is a function of the company itself having poor data visibility.

We should engage Rasmus Wissman to build out team + capability

This is related to issue with board meetings discussed below, but we should not be spending hours every time we convene to go through metrics reporting. This should all be viewable by not just the board but across the company, and not just quarterly but with v high frequency. At a minimum we should at all times be able to view interactive

- Financials with breakdown by SKU + Channel, updated weekly/monthly

- Realtime ecommerce data tracking growth, users, subscriptions, retention, etc... also broken out by SKU

- (While still inventory constrained) should get weekly production numbers

- Quality: should have real-time checks across key quality metrics, i.e. NLNV, leak rate etc...

- Customer Service

Beyond immediately quantifiable things should also be regularly updated on

- Key hiring progress

- Major strategic initiatives (i.e. international, health plan engagement, etc...)

We should agree on these key things for the company to track centrally - it is more concerning to me that they are not readily available to team members as it means people are not deciding based on facts (i.e. not making enough pods because they don't see growth rate or investing in the wrong channels etc...)

Corresponded with Rasmus who implementing the following ASAP (and can help with it if we engage him) - here are his thoughts in quotes (meeting w him this week and would like him started on this asap)

"[1] Growth Analytics

The most pressing problem, even for supply chain / manufacturing. Current understanding of demand 6 to 12 months out seems most inhibited by lack of clean and concise historical sales data and trends, incomplete understanding of market response and consumption patterns, and in particular difficulty understanding the 80% of revenue that goes through offline channels.

[2] Supply Chain/Manufacturing Analytics



Inventory/shipping, production quality and efficiency. Short-term would want better tracking for internal and external KPIs to drive team and vendor performance as well as tracking and analysis for efficiency of automated equipment (yield, uptime, availability). Long-term should also in-house some of the analytics done by contract manufacturers today. In an ideal state, would have end-to-end tracking for every piece. That would help understand bottlenecks, detect problems early - say matching of an unusual incidence of customer complaints back to a production batch and machine - and to counter legal risks (e.g. recall).

### [3] Customer Insights

There seem to be the early makings of a team in place as well as marketing doing a variety of surveying work, though overall it feels nascent. There is not a lot of confidence that consumer behavior or reactions are properly understood right now. That includes how many customers exist, what their demographics are and what consumption patterns look like. Would need to improve utilization of existing internal data - e.g. Brian mentioned that it is difficult to draw conclusions from the current monitoring of customer service issues - and make a real push for outside data to understand offline purchases. Might be possible to get more out of customer surveys as well, though there are always going to be limitations to that approach.

### [4] FP&A and Accounting

But for growth forecasting this did seem mostly solved for the moment. Certainly going to become more important again as you grow.

### [5] Connected Devices

More forward-looking, but highly value to get right. As Pax/Juul move to a more connected and personalized model, both the right data platform for connectivity and the right consumer data models to extract insights and control experience are needed. Even before getting people to have more personalized accounts would resolve problems around customer behavior and utilization patterns.

### Immediate Steps

#### [A] Build out a central analytics team

As long as the company is still at medium size, building out core data infrastructure and trying to understand what can really be done with analytics, a central team beats analysts distributed over departments nine times out of ten. I would not view this as an IT function, but as a first-class team with its own mandate, similar to a product team in terms of having a cross-functional profile. What you are really looking for a team of high IQ folks that deeply understand the business and market, are experts in the data available and have the necessary analytical and technical skillset to connect those pieces to drive concrete impact. As you grow and as core data sets get build out and cleanly structured, you'll be able to add



more traditional analysts onto business and operational teams who can take over the day-to-day work on operational dashboards, KPIs and ad-hoc analysis with the team leaders while leveraging the analytics work done by the centralized team.

For initial hires, I would look towards finance or investment backgrounds as well as towards a couple of start ups with heavy logistics and growth component. AirBnB and Uber come to mind as having people with the right kind of experience and generally best in class data science and analytics talent. Definitely happy to help with sourcing / vetting / recruiting.

[B] Set up a modern, integrated data platform

Today there are internal and external silos of data without much integration, processing, tooling and visualization around them. Going from here to a universal platform for the whole company should be the first step in terms of infrastructure. Get all data into one single source of truth data warehouse, build the right core, extensible data models that integrate all the different sources and get a good dashboard / business intelligence solution in place. On the live production side, different teams can use different solutions (e.g. e-commerce vs R&D), but on the analytical side you really do not want to end up with split silos of data utilized by different departments.

Without wanting to over-index on systems, I am really skeptical towards Looker (do not quote me on this as we have not officially cancelled our contract with them yet, though we will do so soon). When I asked for something as simple as month-over-month growth for online sales, we ended up in Excel after 10 minutes and still did not get an entirely correct answer. That is symptomatic for our experience with Looker, which seems increasingly geared towards slower moving enterprise customers. It drove us to switch to Periscope. Redshift as data warehouse is an ok solution, though I would personally favor BigQuery / GCP.

In any case, getting the base platform right is crucial and does not have to take more than a couple of weeks if people know what they are doing. I can help evaluate options and possibly even set things up, though you may not want to preempt any decisions before you've hired your VP of analytics.

[C] Quick wins on growth forecasting, customer behavior and supply chain KPIs

These seem like the right areas to target initially. Substantial progress seems possible without having the final systems and team in place. As well as iterating on growth models, I think getting the internal actual and historic data cleanly connected through into dashboards and exploring outside datasets or better customer responses on offline shopping behavior could go a long way. I have not done a ton of work with externally available consumer purchasing data, but I'll dig into it. Coincidentally our CFO was previously CFO/COO of Nielsen. I'll see if I can grab him briefly to understand what is/is not available and best practice."

## GET CLEAR ORG STRUCTURE:

We have an org structure in theory but not in practice. With the exception of Ashley's part of the org and finance it is very unclear how decisions are made. For example James is in theory running R&D but Tyler doesn't want him running the search any more / didnt like his candidate style. Adam is the CTO + in R+D but has no authority. Brian is VP Engineering but there is a plan to oversee engineering with someone higher. Sonia and Brian need to collaborate frequently but there is no clear decision maker other than Tyler (who rarely settles decisions). There is a search for a VP of Quality but no idea of how they would functionally work with Supply and Engineering. Similarly on marketing we have been talking about a pricing study for ages but haven't even picked the low hanging fruit on e-comm. The Juul GM position is seemingly very important but has no reports.

We could list many more issues but the point is to establish clarity on where we are today, how to make decisions, and where we have gaps.

## BOARD MEETING STRUCTURE:

We should not have reporting in the board meeting. We should decide on what metrics we want tracked and have it automated so that we can get whatever frequency we want. I.e. board decks arent when we should be seeing the financials, or the supply chain results etc...

We should have a summary of key issues with a typed up view from management of what those issues are and what they recommend and why with a requirement that they distribute it at least a few days before the meeting.

Right now we get a lot of push back on how management always wastes a week putting together decks for the board as if for our amusement. The problem is that there is not enough clarity at the business level and while perhaps meetings have been a good forcing function it is not a long term solution.

We also do not track against previous projections/discussions etc...

I.e.

- we have not adequately hired against any of the plans we were shown

- our forecasts have been consistently sandbagged... by a lot. This has real impact on us (i.e. we took 7% dilution off of a model/projections which showed us doing 5.9 M in revenue in June - we did > 17!)

- despite agreement on pursuing new york it was never prioritized and we are tracking below goal in that channel / have few actionable insights on market activation

- while the supply team efforts have been valiant we do not discuss in the meetings what we were shown previously and look at accomplishments on an apples to apples basis



My takeaway is that meetings should include a written review of how we performed against the plan from the previous meeting - not a bunch of slides. This review should be circulated along with the plan for the subsequent quarter - again the plan should not be a mass of slides but a clear articulation of what our main priorities are for the quarter and what success looks like. We can't keep shifting the target and while the business results are great they will be even greater if we can get in sync

#### IMPROVE COMMUNICATION + RELATIONSHIP WITH MANAGEMENT:

We still have perception issues. No panacea here and a decade of history to deal with but at the least we should organize dinner or send something nice to management to congratulate them on spin (particularly Ashley, Tim, Danna) and also standardize the board meetings/process.

#### TRACK OUR WORK AND COORDINATE MORE EFFECTIVELY

We have many good ideas at board meetings and discussions but our followup (and mine in particular is weak) largely because we have a million things to do. I don't have an immediate solution but think that we will be more effective if we keep track of our goals and progress. It's too easy to get into responsive mode -we need to be proactive.

Ideas:

- Centralized google doc with task list
- Exec comm weekly sync on our to-do list for the week with written tasks, and at the beginning of every weekly sync review how we did over the previous week
- Hire someone to work for the board/executive committee as a project manager for us/chief of staff
- Weekly CEO meeting or call every monday AM or sunday eve or friday eve where we do the same as exec comm and understand company's key goals for the week and weekly review

#### COMPANY PLANNING AND TRACKING

We should have each VP provide quarterly (at a minimum) written summaries for their goals in the quarter. We should track these and review them at board meetings. Would keep it condensed to < 1000 words and identify what a successful quarter/month/whatever time period looks like. Perhaps we should talk to Vince about doing this. This would also give us a more meaningful way of engaging with departments.

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Beyond things which the board can immediately act on there are a number of other areas we need to push management to make progress

#### PRODUCT ROADMAP:



The Juul roadmap we saw was weak - we need a star product manager and the full attention of James, Adam and the team on thinking of the next generation of our platform. Need-finding and incremental improvements are not enough. We should have a clearly spec'd out Juul 2.0 which we could launch in a test market and establish a time frame for it. We need to make this a tier 1 priority and invest heavily behind it. Our product road map also needs to address international markets and other consumers segments - in the near term we need a plan for Juul 2.0, Juul-not-burn, and an EU Juul. We also need a staffing plan against it and should explore outsourced resources managed by us (who we could hire). This has been successful for us in the past on design.

#### R+D ROADMAP and INCREASE R+D RESOURCES:

Just as we need an immediate product roadmap we should have list of all key R+D projects where we can establish truly next-gen IP that can inform our products many years out. The R +D team is almost non-existent. We are not hiring stars on these teams + the core contributors look very similar to how they did a couple years ago before the product launched.

#### REGULATORY

We need to push Ziad to start ASAP and have clear map of current plan, additional studies needed, roadmap for MRTP application, and soon after sense of international opportunities. The clinical studies only paint part of the picture and we need to have a holistic approach - we should also get outside opinion/help (i.e. synchrogenix)

We also need comprehensive review of policy/lobbying and understand who we are using and why and what our other options are.

We also need strategic regulatory function (i.e. things like engagement with clover) as well as board level work on advisors like former surgeon general

#### STRATEGIC:

##### INTERNATIONAL:

Should immediately notify UK of product - as i understand it there is a 6 month lead time. While we might need that time anyways we should not let it be a roadblock. We should simultaneously develop comprehensive UK strategy / team for go to market, expanded product, expanded regulatory engagement, etc...

Develop a view asap on all other relevant markets with candidates for subsequent expansion examined and identification of a test market for new products.

##### CHINA/HK:

Low probability/difficult but v high upside and long lead time so should immediately engage at a board level

#### BYRON/ADVISORS:

Follow current plan and get them aligned/involved asap so we have a process for M&A

#### INVESTMENT:

Develop plan (clear to me we will need more if even close to hitting our ramp.. I.e 15 M RK/s month in Dec 2018 requires a capital raise)

#### HEALTHCARE/PHARMA:

Brainstorm on engagement plan/seek partnerships. I.e. clover came out of random idea, there should be 100 more ideas like this which help us improve public health and align us with health focused partners

#### GOVERNMENTS

Ditto + follow up on KSA opportunity

#### SUPPLY / DEMAND MODELING :

This is a subpoint on data in general but we should do deep dive + ensure conservative assumptoins aren't driving supply plan

#### PRICING:

There has been a lot of talk about a price drop and there has been some experiment in speedway - we need to

- Expedite analysis of impact of price cut online to conversion - this is trivial to test and very low cost. Will minorly piss off some retailers but can explain that it was to help cut prices for them. We should show ~10000 new users who hit the starter kit page different price points on starter kit and measure the impact on conversion. Combine this with the speedway study to get an actual sense for what we should do with price
- Design a program to test the impact more immediatley before a mass rollout but expedite it

#### CULTURAL CHANGES:

People in the company need a sense of

- The importance of our mission and what Juul is working to achieve. This needs to come from the top but we finally have clarity of purpose and it has to be communicated
- The magnitude of the business we are building - this is a rocketship - people need to feel like it

There are many value we want: mission driven, hard work, accountability, innovation, respect, etc... but these all follow from everyone believing in the importance and magnitude of our work

#### MARKETING/NYC TEST MARKET:

We should test our own retail ASAP, and not just a store within a store - it is the exact playbook iqos is using to great effect. We should also have

- Comprehensive review of all planned marketing in nyc along with plan of measuring its efficacy (point is to develop a playbook)
- Focus on assymetric marketing rather than just media - i.e. street teams (regulatory challenge but could focus

on smoking groups), hyper targeted smoker influencers (i.e. bouncers), same day in city delivery, REFERRAL PROGRAM, etc...